

HOUSE OF REPRESENTATIVES—Monday, April 28, 1997

The House met at 2 p.m. and was called to order by the Speaker pro tempore [Mr. THORNBERRY].

DESIGNATION OF THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker.

WASHINGTON, DC,
April 28, 1997.

I hereby designate the Honorable WILLIAM M. "MAC" THORNBERRY to act as Speaker pro tempore on this day.

NEWT GINGRICH,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Let us pray using these words from Psalm 51:

Create in me a clean heart, O God, and put a new and right spirit within me. Cast me not away from Thy presence, and take not Thy holy Spirit from me. Restore to me the joy of Thy salvation, and uphold me with a willing spirit. O Lord, open Thou my lips, and my mouth shall show forth Thy praise. Amen.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from Missouri [Mr. SKELTON] come forward and lead the House in the Pledge of Allegiance.

Mr. SKELTON led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MESSAGE FROM THE SENATE

A message from the Senate by Ms. McDevitt, one of its clerks, announced that the Senate had passed a bill of the following title, in which concurrence of the House is requested:

S. 562. An act to amend section 255 of the National Housing Act to prevent the funding of unnecessary or excessive costs for obtaining a home equity conversion mortgage.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

OFFICE OF THE CLERK,
U.S. HOUSE OF REPRESENTATIVES,
Washington, DC, April 28, 1997.

Hon. NEWT GINGRICH,
The Speaker, U.S. House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted in Clause 5 of Rule III of the Rules of the U.S. House of Representatives, the Clerk received the following messages from the Secretary of the Senate on Friday, April 25, 1997:

That the Senate passed without amendment H.R. 1225.

With warm regards,

ROBIN H. CARLE,
Clerk, U.S. House of Representatives.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair desires to announce that pursuant to clause 4 of rule I, the Speaker signed the following enrolled bill on Friday, April 25, 1997: H.R. 1225, to make a technical correction to title 28, United States Code, relating to jurisdiction for lawsuits against terrorist states.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The Speaker pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

OFFICE OF THE CLERK,
U.S. HOUSE OF REPRESENTATIVES,
Washington, DC, April 28, 1997.

Hon. NEWT GINGRICH,
The Speaker, U.S. House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted in Clause 5 of Rule III of the Rules of the U.S. House of Representatives, I have the honor to transmit a sealed envelope received from the White House on Friday, April 25 at 3:59 p.m. and said to contain a message from the President regarding the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction.

With warm regards,

ROBIN H. CARLE,
Clerk, U.S. House of Representatives.

CONVENTION ON THE PROHIBITION OF THE DEVELOPMENT, PRODUCTION, STOCKPILING AND USE OF CHEMICAL WEAPONS AND ON THEIR DESTRUCTION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. Doc. No. 105-77)

The Speaker pro tempore laid before the House the following message from

the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on International Relations and ordered to be printed:

To the Congress of the United States:

In accordance with the resolution of advice and consent to ratification of the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction, adopted by the Senate of the United States on April 24, 1997, I hereby certify that:

In connection with Condition (1), Effect of Article XXII, the United States has informed all other States Parties to the Convention that the Senate reserves the right, pursuant to the Constitution of the United States, to give its advice and consent to ratification of the Convention subject to reservations, notwithstanding Article XXII of the Convention.

In connection with Condition (7), Continuing Vitality of the Australia Group and National Export Controls: (i) nothing in the Convention obligates the United States to accept any modification, change in scope, or weakening of its national export controls; (ii) the United States understands that the maintenance of national restrictions on trade in chemicals and chemical production technology is fully compatible with the provisions of the Convention, including Article XI(2), and solely within the sovereign jurisdiction of the United States; (iii) the Convention preserves the right of State Parties, unilaterally or collectively, to maintain or impose export controls on chemicals and related chemical production technology for foreign policy or national security reasons, notwithstanding Article XI(2); and (iv) each Australia Group member, at the highest diplomatic levels, has officially communicated its understanding and agreement that export control and nonproliferation measures which the Australia Group has undertaken are fully compatible with the provisions of the Convention, including Article XI(2), and its commitment to maintain in the future such export controls and nonproliferation measures against non-Australia Group members.

In connection with Condition (9), Protection of Advanced Biotechnology, the legitimate commercial activities and interests of chemical, biotechnology, and pharmaceutical firms in the United States are not being significantly harmed by the limitations of

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

the Convention on access to, and production of, those chemicals and toxins listed in Schedule 1 of the Annex on chemicals.

In connection with Condition (15), Assistance Under Article X, the United States shall not provide assistance under paragraph 7(a) of Article X, and, for any State Party the government of which is not eligible for assistance under chapter 2 of part II (relating to military assistance) or chapter 4 of part II (relating to economic support assistance) of the Foreign Assistance Act of 1961: (i) No assistance under paragraph 7(b) of Article X will be provided to the State Party; and (ii) no assistance under paragraph 7(c) of Article X other than medical antidotes and treatment will be provided to the State Party.

In connection with Condition (18), Laboratory Sample Analysis, no sample collected in the United States pursuant to the Convention will be transferred for analysis to any laboratory outside the territory of the United States.

In connection with Condition (26), Riot Control Agents, the United States is not restricted by the Convention in its use of riot control agents, including the use against combatants who are parties to a conflict, in any of the following cases: (i) the conduct of peacetime military operations within an area of ongoing armed conflict when the United States is not a party to the conflict (such as recent use of the United States Armed Forces in Somalia, Bosnia, and Rwanda); (ii) consensual peacekeeping operations when the use of force is authorized by the receiving state, including operations pursuant to Chapter VI of the United Nations Charter; and (iii) peacekeeping operations when force is authorized by the Security Council under Chapter VII of the United Nations Charter.

In connection with Condition (27), Chemical Weapons Destruction, all the following conditions are satisfied: (A) I have agreed to explore alternative technologies for the destruction of the United States stockpile of chemical weapons in order to ensure that the United States has the safest, most effective and environmentally sound plans and programs for meeting its obligations under the convention for the destruction of chemical weapons; (B) the requirement in section 1412 of Public Law 99-145 (50 U.S.C. 1521) for completion of the destruction of the United States stockpile of chemical weapons by December 31, 2004, will be superseded upon the date the Convention enters into force with respect to the United States by the deadline required by the Convention of April 29, 2007; (C) the requirement in Article III(1)(a)(v) of the Convention for a declaration by each State party not later than 30 days after the date the Convention enters into force with respect to that Party,

on general plans of the State Party for destruction of its chemical weapons does not preclude in any way the United States from deciding in the future to employ a technology for the destruction of chemical weapons different than that declared under that Article; and (D) I will consult with the Congress on whether to submit a request to the Executive Council of the Organization for an extension of the deadline for the destruction of chemical weapons under the Convention, as provided under Part IV(A) of the Annex on Implementation and Verification to the Convention, if, as a result of the program of alternative technologies for the destruction of chemical munitions carried out under section 8065 of the Department of Defense Appropriations Act of 1997 (as contained in Public Law 104-208), I determine that alternatives to the incineration of chemical weapons are available that are safer and more environmentally sound but whose use would preclude the United States from meeting the deadlines of the Convention.

In connection with Condition (28), Constitutional Protection Against Unreasonable Search and Seizure: (i) for any challenge inspection conducted on the territory of the United States pursuant to Article IX, where consent has been withheld, the United States National Authority will first obtain a criminal search warrant based upon probable cause, supported by oath or affirmation, and describing with particularity the place to be searched and the persons or things to be seized; and (ii) for any routine inspection of a declared facility under the Convention that is conducted on an involuntary basis on the territory of the United States, the United States National Authority first will obtain an administrative search warrant from a United States magistrate judge.

In accordance with Condition (26) on Riot Control Agents, I have certified that the United States is not restricted by the Convention in its use of riot control agents in various peacetime and peacekeeping operations. These are situations in which the United States is not engaged in a use of force of a scope, duration and intensity that would trigger the laws of war with respect to U.S. forces.

In connection with Condition (4)(A), Cost Sharing Arrangements, which calls for a report identifying all cost-sharing arrangements with the Organization, I hereby report that because the Organization is not yet established and will not be until after entry into force of the Convention, as of this date there are no cost-sharing arrangements between the United States and the Organization to identify. However, we will be working with the Organization upon its establishment to develop such arrangements with it and will provide additional information to the Congress

in the annual reports contemplated by this Condition.

WILLIAM J. CLINTON.

THE WHITE HOUSE, April 25, 1997.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

U.S. ARMED FORCES IN BOSNIA PROTECTION ACT OF 1997

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina [Mr. JONES] is recognized for 5 minutes.

Mr. JONES. Mr. Speaker, when it comes to the issue of Bosnia, America has fulfilled her promise. While many Americans, including myself and my colleagues on both sides of the aisle, were opposed to deploying United States troops to Bosnia, we found some comfort in knowing that they were to come home at the end of one year.

Well, Mr. Speaker, as we know, the President has broken his promise and has extended our military mission in Bosnia until at least June of 1998.

Contrary to what some may say, Bosnia is not a vital United States national interest; it is at best a secondary interest. And contrary to the President's own declaration, Bosnia is not at the heart of Europe, it is a geographic fringe of Europe and devoid of any strategic assets. It is, in other words, a regional problem for Europe.

So why then are we spending 6.5 billion U.S. dollars, and why are we placing a division-size unit of troops in harm's way if it is Europe's problem to solve? Well, perhaps it is because administration officials have repeatedly warned that, if United States troops withdraw, the Europeans will withdraw and the mission will collapse.

Frankly, I am troubled by the implication that we are hostages to the Europeans' unwillingness to solve their own regional problems.

The fact of the matter is that the United States troops in Bosnia have been forgotten. The old saying, out of sight, out of mind, applies to our men and women in Bosnia. That is why I am an original cosponsor of H.R. 1172, the U.S. Armed Forces in Bosnia Protection Act.

This bill limits the presence of United States ground troops in Bosnia to the end of 1997 and prevents mission creep. It also requires the administration to report on the steps it is taking to prepare our European allies to take over the mission.

Mr. Speaker, it is time for others to shoulder this military burden, as Uncle Sam already has a \$6 trillion national debt problem of his own.

Mr. Speaker, the time has come to bring our troops home. Please join me as a cosponsor of H.R. 1172, the U.S. Armed Forces in Bosnia Protection Act of 1997.

FUTURE OF THE U.S. MILITARY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Missouri [Mr. SKELTON] is recognized for 60 minutes as the designee of the minority leader.

Mr. SKELTON. Mr. Speaker, today is the first of three speeches I intend to make on the future of the U.S. military. This afternoon I will address the principles that should shape U.S. military strategy in coming years. In the second speech I will discuss whether projected budgets are sufficient to support U.S. strategy. In the final speech, I intend to consider how we are treating our most important resource for protecting national security, our people, the men and women who serve in the Armed Forces and the civilian personnel who support them.

I intend to begin each of these speeches by making a simple point that Congress is responsible for ensuring that U.S. Armed Forces are prepared to preserve and protect the security of the United States. Let me emphasize the key phrase in this statement: Congress is responsible.

Under the Constitution, it is the duty of the Congress, not of the President, let alone of the Secretary of Defense or the Joint Chiefs of Staff, who are not constitutional officers, to determine the size and composition of the Armed Forces. Article I, section 8 of the Constitution, which lists the powers of the Congress, makes this clear. It assigns to Congress the powers to raise and support armies, to provide and maintain a navy and to make rules for the Government and regulation of the land and naval forces.

It falls to the Congress, therefore, to ensure that our military strength is adequate to defend our Nation and our national interests. Indeed, there is no more important duty placed upon us as Members of this institution than to provide for the common defense. It is a duty which we owe not only to our fellow citizens today, but to the Americans of tomorrow.

We have a duty, as well, not to squander, through short-sightedness and neglect, the sacrifices which generations before us have made to grant us the peace and security with which we are blessed. We have a duty to future generations of Americans to pass on to them the legacy of peace, prosperity, and freedom which has been bequeathed to us.

It is the Congress, therefore, which is ultimately responsible for approving a strategy to guide U.S. military policy and, above all, for establishing a proper

balance between national strategy and the resources available to carry it out.

Historically, Congress has often failed in this responsibility. In the years since the end of the cold war, many commentators have noted how badly the Nation has handled the aftermath of major conflicts in the 20th century. After World War I, after World War II, and after the war in Vietnam, we allowed our military forces to deteriorate to a degree that cost us dearly in the conflicts that inevitably arose later on.

In fact, such a failure is not unique to this century. A few years ago, I discovered a speech made in 1923 by then-Army Maj. George C. Marshall that discerned a similar, though not quite identical, pattern of failure even earlier in our history.

Major Marshall, of course, later became the most distinguished American soldier and statesman of this century, as Chief of Staff in the Army in World War II, Secretary of State in the early years of the cold war, and Secretary of Defense during the war in Korea.

"From the earliest days of this country," said Marshall in 1923, "the Regular Army was materially increased in strength and drastically reduced with somewhat monotonous regularity." It was perhaps understandable, he said, that there should be a reduction in the size of the military following a war. But, in fact, he discovered the pattern was not quite so simple.

Often, following a war, the size of the Regular Army was increased above what it had been before the conflict, but then, within a very few years, or even a few months, in some cases it was reduced below the pre-war level. In struggling to comprehend this inconsistency, Marshall offered the following explanation:

"It appears that when the war was over, every American's thoughts were centered on the tragedies involved in the lessons just learned. So the Congress, strongly backed by public opinion, determined that we should be adequately prepared for the future, and accordingly enacted a law well devised for this express purpose. However, in a few months, the public mind ran away from the tragedies of the war and reasons therefor and became obsessed with the magnitude of the public debt and the problem of its reduction. Forgetting almost immediately the bitter lesson of unpreparedness, they demanded and secured the reduction of the Army, which their representatives had so recently increased for very evident reasons."

It is this pattern of failure that I fear we may now be repeating. For my own part, I have been debating whether the current era resembles more the period of about 1903 or the period of about 1923. At the turn of the century, the Nation had just won a short, popular war against Spain, after which, support

for the Army and Navy ran high. But within a few years, funding for the military was reduced, in part because the world seemed to be comfortably at peace, and many believed that war had become impossible.

Just a few years later, all of Europe was in flames, and by 1917, the United States had declared war on Germany, but without any degree of military preparedness.

□ 1415

Marshall recalled seeing United States soldiers in France at the end of 1917 marching through the ice and snow "without shoes and with their feet wrapped in gunny-sacks." The allies had to continue to hold the line for more than a year before the United States was prepared to participate in the final battles that brought the Great War to a close.

In 1923, the United States had recently participated in what was then the most horrible war in human history. But the public mind, as Marshall lamented, had already forgotten the lessons of that war and the costs of unpreparedness. The majority in Congress could not foresee circumstances in which the United States would again embroil itself in Europe's conflicts, and support for military expenditures had dissolved. Less than 20 years later, we were engaged in an even more destructive global war, for which we were also terribly unprepared.

Today, in the aftermath of a successful conclusion of the cold war with the USSR, we are well on our way to repeating the same mistake of denuding ourselves militarily. The world is no less turbulent or dangerous than it was during the cold war. Regional threats, along with rising terrorism and the possibility of nuclear and chemical weapons proliferation, should cause us to keep up our guard.

Today, a few of my colleagues frequently challenge me with a question that surely echoed through these Halls in 1903 or 1923. "What is the enemy," I am asked? And with that question, there are many others. Why continue to support more spending for defense when the cold war is over? Why plan for two major regional wars when a second threat did not materialize during the Persian Gulf war? Why continue to pursue expensive, new, advanced weapons when U.S. technology was so dominant in Operation Desert Storm, and when no other nation is spending nearly what we do on military hardware? Why keep a robust force structure and a fair-sized personnel level?

Today, and in the two speeches to follow, I will provide answers to those narrower questions. But to the broader question of what is the enemy, there is no clear and simple answer; as, indeed, there was no clear and simple answer that Marshall could have given in 1923.

For my part, I think any attempt to see into the future is like looking into a kaleidoscope. We never know what new pattern will emerge. We only know that the colors making up the pattern will remain the same. In viewing the future of international affairs, we cannot foresee the new shape of the world, but we know that the colors are those of the human condition, including all the traits of human character and all the circumstances of human life that have ever led to war. Those colors have not changed, and the need to prepare for conflict has not diminished merely because an era of conflict with a particular foe has ended and a new era, of yet uncertain pattern, is emerging.

So to respond to my colleagues who ask, "what is the enemy," I say, true; today we cannot define precisely what the enemy is or will be. We can say, however, that we will fail in our responsibility in this Congress if, once again, we allow the armed forces to be unprepared for the enemies that may emerge.

In fact, as I will argue today, a failure to support a strong military in the present historical circumstances would be even more unfortunate and more unforgivable than in the past for two reasons.

First, today the United States is the only Nation able to protect the peace. In the past we were fortunate that allies were able, often by the narrowest of margins, to hold the line while we belatedly prepared for war. Bismarck once said: "God protects fools, and the United States."

Today, no one else is capable either of preventing conflict from arising in the first place, or of responding decisively if a major threat to the peace does occur. While I trust in God, I believe God has given us the tools we need to keep peace, and it is our task to use them wisely.

Second, and perhaps most importantly, if we fail in our responsibility to maintain U.S. military power, the United States, and, indeed, the world as a whole, may lose an unprecedented opportunity to construct an era of relative peace that could last for many, many years.

Today, our military strength is the foundation of a relatively secure international order in which small conflicts, though endemic and inevitable, will not decisively erode global stability. As such, our military strength is also a means of preventing the growth of one or more new powers that could, in time, constitute a threat to peace and evolve into the enemy we do not now foresee.

Because of this, the very limited investment required to maintain our military strength, though somewhat larger than we are making right now, is disproportionately small compared to the benefits we, and the rest of the world, derive from it.

My fellow Missourian, Harry S. Truman, stated this clearly: "We must be prepared to pay the price for peace, or assuredly we will pay the price of war." These two premises, that the United States alone is able to protect the peace, and that adequate, visible U.S. military power may prevent new enemies from arising in the future, are, it seems to me, the cornerstones of a sound strategy for the years to come. These are the premises that will guide my evaluation of the current reassessment of defense policy, called the Quadrennial Defense Review, or QDR, that the Defense Department is due to deliver to the Congress on May 15.

In the remainder of this statement I want to discuss what I have heard of the strategy that is evolving in the process of the Quadrennial Defense Review, the QDR, what I see as its strengths, and how I think it might be improved.

In carrying out this assessment, I will be referring on occasion to a draft of the QDR statement of strategy that was printed recently in a reliable newsletter called "Inside the Army." To be sure, this is not the final draft of this strategy, which is still to be released officially. It remains subject to change. I will refer to it, nonetheless, because it reflects the thinking going on inside the Pentagon to date, and moreover, because I believe it is a good start in defining a military strategy for the future.

That being said, I do not at all agree with the judgment, which appears to be emerging from the QDR, that the new strategy can be supported with a force smaller than the force determined to be necessary by the QDR's predecessor, the Bottom-Up Review of 1993.

The key theme of the new strategy is that U.S. military forces must be able to shape the international security environment in ways favorable to U.S. interests, to respond to the full spectrum of crises when it is in our interest to do so, and to prepare now to meet the challenges of an uncertain future.

So the three elements of the strategy are these: Shape, respond, prepare. To shape requires forward deployment of U.S. forces; various means of defense cooperation with allies, including security assistance; and joint trading with allies and others.

To respond requires the ability to execute the full spectrum of military operations, including showing the flag to deter aggression; conducting multiple, concurrent, small-scale contingency operations; and fighting and winning major theater wars, including the ability to prevail in two nearly simultaneous conflicts.

To prepare requires adequately sized forces for the air, sea, and especially the land; increased investments in weapons modernization; robust efforts to exploit the evolving revolution in military affairs; and investments in re-

search and development that hedge against the evolution of unexpected but potentially dangerous developments in military technology in the future.

Now, there are those who will say of this statement of strategy that it fails because it is not selective enough in defining for what challenges U.S. military forces should prepare. Some have complained that United States military forces are being used too often to respond to crises, like the conflict in Bosnia, that are not directly threatening to United States security. I have sometimes agreed with those complaints.

Others with whom I have not agreed have argued that the United States should give up the Bottom-Up Review strategy of being prepared to prevail in two near-simultaneous regional conflicts, now called major theater wars, and instead prepare for one such conflict plus smaller peace operations.

Still others say we should focus less of our effort on the current challenges to our security and devote much more attention to preparing for potential new threats from a peer or near-peer military competitor in the future.

I think the QDR draft statement of strategy is preferable to any of these alternative views. As against those who would be more selective in identifying commitments, the emerging QDR strategy statements reflects the fact that Presidents have long been able to commit large numbers of U.S. troops to sometimes long-lasting operations abroad pretty much as they see fit.

President Clinton has done so more than others, but he is not alone in asserting his authority as Commander in Chief to undertake major new missions abroad. Since Presidents can define what U.S. interests abroad are vital enough to require the commitment of U.S. forces, then the U.S. military will have to be prepared to carry out an extraordinarily broad range of tasks short of major war.

It would be misleading, for military planning purposes, for a statement of strategy to identify only a narrow range of missions, when, in fact, the military can, at any time, be called on to carry out any imaginable kind of mission while still preparing for major wars.

Indeed, the key flaw of the Bottom-Up Review was that it failed to take account of the demands that would be put on forces by missions other than the requirement to be prepared to fight two nearly simultaneous major regional conflicts.

As against those who would give up the Bottom-Up Review's two-war requirement, that, to me, is a prescription for giving up on being a superpower. If we lack the ability to respond to a second crisis should a first arise, then in every case we would be hesitant in committing our forces to action

in the first instance. Would we really respond to Saddam Hussein, for example, at the cost of critically weakening our deterrent posture in Korea? That is a choice we should never have to make.

As to those who would spend less on maintaining current readiness in order to invest in future technology, I do not agree that we are in a "threat trough". On the contrary, the evidence of recent years is that the world after the cold war is more turbulent than ever. We have to be prepared to deal with today's conflicts, or we may be critically weakened by confronting the challenges of the future by failure to preserve the peace today.

So a new statement of strategy that calls for forces able to shape, respond, and prepare seems to me to be a valuable contribution to the debate about U.S. military preparedness. It is a demanding strategy, and under current circumstances, one that will be challenging to fulfill. It is a matter of great concern to me, therefore, that everything I have heard about the rest of the QDR is at odds with the requirements implied by the new statement of strategy.

Earlier this year Secretary Cohen assured the Committee on National Security that the QDR process would be driven by the strategy, not by the budget.

The new strategy, it seems very clear, requires forces perhaps larger and certainly more flexible than the forces required by the Bottom-Up Review. The QDR strategy maintains the requirement to prepare for two major regional conflicts, now called major theater wars, and adds to that requirement the need to shape the environment, respond to lesser crises, and prepare for the future. It cannot be done with less. Yet, the QDR is, by all accounts, looking for cuts in the size of the force structure. Indeed, the draft statement of strategy to which I have been referring hints at reasons for cutting forces, despite the strategy.

One way to cut, it says, would be to rely more on reserves. Another is to rely more on allies. I believe that these are merely transparent excuses for making reductions in forces required by budget constraints and not driven by considerations of strategy. The bulk of reserve forces are already built into war plans in a wholly integrated fashion, and other forces constitute a valuable strategic reserve. To depend on allies to be able to carry out our own strategy is the height of folly. At the very least, dependence on allies may force us to limit our strategic goals or make us hesitant to act.

□ 1430

Also, it is not clear that we can depend on the allies to provide forces of the quality we maintain in our own forces. We can and should expect the allies to contribute in the event of

major conflicts, as they did during the Persian Gulf war, but we cannot afford to assume allied participation in making our own plans. The strategy emerging from the QDR is appropriately broad and demanding. The remainder of the QDR should address frankly what forces and what weapon investment are needed to carry it out.

Mr. Speaker, the time is now for the Congress to learn from the past and not repeat the mistakes of our predecessors, mistakes that allowed unpreparedness and led to battlefield disasters such as the costly defeat at Kasserine Pass in North Africa in World War II and the destruction of Task Force Smith in the Korean war. Such unpreparedness is paid for in the blood and lives of young Americans.

The warning of Major, later General, George C. Marshall in 1923, though not heeded by his generation, should be heard by our generation. This Congress must not fail in this responsibility.

Mr. Speaker, the 1923 Marshall speech follows for the RECORD.

(By Major George C. Marshall, Jr.)

Mr. President and Gentlemen:—

I must ask your indulgence this afternoon because, until General Gignilliat requested me to make this talk the latter part of the morning, I had no expectation of participating in this meeting.

You gentlemen, I am sure, are all interested in the National Defense, and I would like to talk to you for a few minutes regarding the effect of our school histories on this question.

The Army, which is the principal arm we depend upon for the defense of the country, can hardly be called the result of a slow growth. Its history has been a series of ups and downs, a continuing record of vicissitudes, with which you may be somewhat familiar in more recent years, but I cannot believe many people understand or are aware of what has happened in the past, because it seems improbable that what has happened should continue to happen if our citizens were familiar with the facts.

In looking back through the history of the infantry component of the Regular Army, we find that from the earliest days of this country, it was materially increased in strength and drastically reduced with somewhat monotonous regularity. From eighty men immediately after the Revolutionary War, it was increased to sixteen regiments, about as many regiments of infantry as we have today. In 1798, two years later, it was reduced to eight regiments. With the War of 1812, it was increased considerably and then decreased immediately afterwards. I am not talking about the temporary army, but the Regular Army. Another increase came during the Mexican War, about trebling its size; and immediately thereafter came the inevitable reduction. In the early months of the Civil War it was increased from about eight regiments to sixteen. But the odd phase of this policy develops in 1866. Then the war was over, but the infantry was increased to forty-six regiments, and suddenly, but a few years later, reduced to twenty-five regiments, with which we entered the war with Spain. In 1901, this number was increased to thirty. Just before our entry into the World War, Congress provided for sixty-five regiments. Thereafter you cannot get an accu-

rate parallel, because the Congress varied its method. Instead of authorizing regiments, it gave us numbers.

When the World War was over, in the summer of 1920, they gave us 285,000 men. Nine months later this was cut to 175,000. Three months later, came a cut to 150,000; followed six months later by a further cut to 125,000. And just by the skin of our teeth we got through this last Congress without a further cut to 75,000.

The remarkable aspect of this procedure to me, and I think to any one, is that both increases and reductions should have been ordered after the war was over and all within a brief period of time, which can be measured in months. A decrease following the establishment of peace is readily understood, but the combination of two diametrically opposed policies is difficult to comprehend.

In searching for reasons to explain this inconsistency, it appears that when the war was over every American's thoughts were centered on the tragedies involved in the lessons just learned, the excessive cost of the war in human lives and money. So the Congress, strongly backed by public opinion, determined that we should be adequately prepared for the future, and accordingly enacted a law well devised for this express purpose. However, in a few months, the public mind ran away from the tragedies of the War and the reasons therefor, and became obsessed with the magnitude of the public debt and the problem of its reduction. Forgetting almost immediately the bitter lesson of unpreparedness, they demanded and secured the reduction of the Army, which their representatives had so recently increased for very evident reasons. Now what has occurred but recently has many precedents in the past. There are numerous ramifications of the same general nature, but the astonishing fact is, that we continue to follow a regular cycle in the doing and undoing of measures for the National Defense. We start in the making of adequate provisions and then turn abruptly in the opposite direction and abolish what has just been done.

Careful investigation leads to the belief that this illogical course of action is the result of the inadequacies of our school histories so far as pertains to the record of our wars, and in a measure, to the manner in which history is taught. During the past few months, the War Department has been concerned as to what might properly be done to correct the defects in the school textbooks which are now being published. Naturally, it is a matter that must be handled very carefully. The Department is loathe to take any positive action, because immediately the Army would be open to the criticism of trying to create a militaristic public opinion. Furthermore, criticism of the existing textbooks would probably arouse the hostility of the publishers, and particularly, of the authors.

Following a discussion between General Pershing and a prominent publisher, several of the more recent school histories were submitted to the Historical Section of the War College, and each reviewed by a number of specially qualified officers. When these reviews were assembled and digested, it became apparent that what had been done in the past, was again in the process of repetition. A reading of these reviews convinces one that our military history would probably suffer another repetition.

It is apparent that you can talk about the present National Defense Act as much as you please and of the scheme of military education provided in the Reserve Officers'

Training Corps Units, etc., but we will repeat our errors of the past unless public opinion is enlightened, and public opinion in these matters depends in a large measure on the written word of our histories, except for a few months immediately following such a National calamity as the World War. It is almost purposeless for the War Department to attempt to make an impression on Congress which is not in accord with public opinion.

When a boy goes to school he studies history. Thereafter I believe less than five per cent of the men of the country continue this study. You gentlemen are of a class apart, and if you were not familiar with the important facts of our military history, certainly no other class of men will be. The lasting impression of the American man on what has happened in the past, is absorbed from his school history. I remember studying Barnes' American History, and I still have, I suppose, the same feeling I acquired then regarding the English nation and the British Army, so depicted in Revolutionary days. In the course of my present occupation it has become necessary for me to learn something of the actual facts in the case, which I have found are often strikingly at variance with many of the ideas Mr. Barnes implanted in my mind.

You gentlemen are no doubt familiar with most of these facts, but I believe there are some of them of which even you are not aware. Certainly the average man is in the dark as to the difficulties our military leaders have invariably encountered. Take the history of the Revolutionary War for example; I imagine there are but few men today who have even a vague idea of Washington's troubles in maintaining his Revolutionary Army,—what they actually were and the causes that lay behind them. Virtually the same difficulties continued to arise in the history of our army and with the same basic reason for their recurrence. Is the average boy given an idea of the lessons of these incidents?

What has the American youth been taught of the War of 1812—that it was one of the most ignominious pages in our history,—wonderful on the sea, splendid at New Orleans,—but in almost everything else, a series of glaring failures and humiliating occurrences? Were you given any such idea as this? In the Mexican War the operations of our armies were carried out in very shipshape fashion, thanks to a long period in which to prepare. But I doubt if there are more than a few people who know that after the capture of Vera Cruz, General Scott's army, preparing for its advance to Mexico City, was well nigh emasculated and rendered impotent by the policy of the Government which permitted a large proportion of the Volunteers to secure their discharges and return home. It has been alleged that this course was intended to wreck any political aspirations of General Scott. But it was an American army on foreign soil far from home, that was imperiled in this fashion.

We find almost an exact repetition of this incident in the Philippines in 1899, when the obligation of the Government to return home the state volunteer troops, left a small force of the Regular Army besieged in Manila until fresh quotas of volunteers could be raised in the United States and dispatched seven thousand miles to its support. We do not realize how fraught with the possibility of National tragedy were these occurrences. Think what the result might have been had our opponent been efficient and made us pay the penalty for such a mistaken policy.

Until recently the Civil War formed the major portion of our military background. In

your study of the history of that period was your attention drawn to any conclusions? As to why, for example, the North experienced so many difficulties and failures during the early years of the war, and the South was so uniformly successful? There are very definite reasons for this and therefore, lessons to be drawn, but the one time school boy when he casts his vote at the polls, or represents his District in Congress, must as a rule, base his action on false and misleading premises.

Popular American histories of the World War would more than startle the German reader. It is possible that he might think he was reading of some other struggles in which his country had no part. I will venture the assertion that for every boy who comes out of our public schools realizing that over a year elapsed before America's soldiers could make their first attack on the enemy,—for every youth so informed, there will be a thousand whose attention is not called to this, but who can recite the date on which we entered the war. This may seem a small matter, but it will have a definite effect on every paragraph of legislation attempted for the National Defense.

We talk of Valley Forge in Revolutionary days, and do not realize that American soldiers experienced something very like Valley Forge over in France in the fall of 1917. I have seen soldiers of the First Division without shoes and with their feet wrapped in gunny-sacks, marching ten or fifteen kilometers through the ice and snow. You do not have to go back to Washington's army at Valley Forge for a period of hardships experienced, because of unpreparedness. I have seen so many horses of the First Division drop dead on the field from starvation, that we had to terminate the movements in which they engaged. One night I recall Division Headquarters being notified that the troops in an adjacent village were out of rations and the animals were too weak to haul the necessary supplies. The question to be derived was, should the men be marched to the rations and the animals left to die, or would it be possible to secure other transportation. That was in the fall of 1917. It was a small matter but it reflects the general condition of unpreparedness with which we entered the war, and it was only the strength of our Allies who held the enemy at bay for more than a year, that enabled us to fight the victorious battles which ended the war. The small boy learns that we were successful in the end, but he is carefully prevented from discovering how narrow has been the margin of our success. Good luck has always seemed to be with us and the attending circumstances seem to prove Bismarck's saying that "God takes care of the fools in the United States."

Some of these days, now that we are a dominant, if not the dominant power in the world, we may have to make good without Allies or time or fortuitous circumstances to assist us.

There seems to have been a conspiracy to omit the pertinent facts or the lessons of our military history which would prepare the boy to be an intelligent voter or legislator. So long as this is the case, we will continue in a series of the errors I have been describing.

The study of ancient history reveals innumerable occurrences which have that exact parallel in modern times. There must be some lesson to be drawn. For example: General Pershing recently called attention to the fact that while the Peace Conference was sitting in Paris in 1919, building up the Treaty which we did not accept, there were

English soldiers at Cologne, American soldiers at Coblenz, and French soldiers at Mayence, and a general reserve at Treves, (General Pershing's own Headquarters). Eighteen hundred years before, during a prolonged peace, Roman Legions were stationed at Cologne, Coblenz and Mayence, with a reserve of ten thousand at Treves. The setting was identical with the recent deployment of the Allied troops along the Rhine. There must be some lesson to be drawn from this repetition of history, that is of much more moment that a recollection of the date of the signing of the Peace Treaty.

The other day I had occasion to look up something regarding Phillip Sheridan, who was one of the five Generals of the Army, of which General Pershing is the most recent, and General Washington was the first. After locating my information, I read a little further and came across, what to me, was a most remarkable coincidence.

General Sheridan after the Civil War was sent abroad to observe the operations of the Prussian Army in the Franco-Prussian War. He joined the Staff of the Emperor William west of Metz on the eve of the Battle of Gravelotte. The day after this fight, riding in the carriage of Bismarck, he drove through Point-a-Mousson. This town was the right flank of the American army in the St. Mihiel operation. Turing west, Bismarck and Sheridan drove on to Commercy and were billeted there for the night. They followed the exact route of the American troops being transferred from the St. Mihiel front to the Meuse-Argonne. From Commercy, Sheridan passed on to Bar-le-Duc, and he describes how he stood on a little portico of that town and watched the Bavarians marching through the Central Place as they turned north towards the Argonne in the great maneuver to corner McHahon's French Army on the Belgian frontier. American troops followed this same route and executed the same turn to the north, and I happened to have watched them pass through the Central Place of Bar-le-Duc. With Bismarck, Sheridan drove north to Clermont, following the principal axis of the advance taken by the American army in September, 1918. After a night's billet in that village, they drove through a series of towns, later to be captured by the Americans from Bismarck's descendants, and billeted in Grandpre at the other tip of the Argonne Forest.

Now comes a more remarkable coincidence. General Sheridan describes how he drove from Grandpre through the Foret de Dieulet into Beaumont, where a French division had on that morning been surprised and captured by the Germans. This was the opening phase of the Battle of Sedan. Our Second Division passed through that identical Forest at night and surprised Germans at roll call in the early morning in the streets of Beaumont.

Accompanying the entourage of the Emperor William, General Sheridan pressed on to Wadelincourt, and from a hilltop nearby looked down across the Meuse at the French Army, cornered but not yet captured, at Sedan. A battalion of the Sixteenth American Infantry on November 7, 1918, pressed forward to that same hill and looked down on the Germans in Sedan. Is not this a remarkable coincidence, and does it not point to the uncertainties of the future and the necessity of being prepared for almost any eventuality?

I hope you will pardon my very disjointed remarks and I deeply appreciate your kind attention. (Applause.)

The President, Dr. Newhall: "Factors Contributing to Morale and Espirit de Corps," by General L.R. Gignilliat.

FEDERAL RESERVE HAS MONOPOLY OVER MONEY AND CREDIT IN UNITED STATES

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Texas [Mr. PAUL] is recognized for 60 minutes as the designee of the majority leader.

Mr. PAUL. Mr. Speaker, today I would like to talk about the subject of monopolies. The American people historically have been very much opposed to all monopolies. The one thing that generally is not known is that monopolies only occur with government support. There is no such thing as a free market monopoly. As long as there is free entry into the market, a true monopoly cannot exist.

The particular monopoly I am interested in talking about today is the monopoly over money and credit, and that is our Federal Reserve System.

The Federal Reserve System did not evolve out of the market, it evolved out of many, many pieces of legislation that were passed over the many years by this Congress. Our Founders debated the issue of a central bank and they were opposed to a central bank, but immediately after the Constitutional Convention there was an attempt to have a central bank, and the First Bank of the United States was established. This was repealed as soon as Jefferson was able to do it.

Not too long thereafter the Second National Bank of the United States was established, another attempt at centralized banking, and it was Jackson, who abhorred the powers given to a single bank, that abolished the Second National Bank.

Throughout the 19th century there were attempts made to reestablish the principle of central banking, but it was not until 1913 that our current Federal Reserve System was established. Since that time it has evolved tremendously, to the point now where it is literally a dictatorship over money and credit.

It works in collaboration with the banking system, where not only can the Federal Reserve create money and credit out of thin air and manipulate interest rates, it also works closely with the banks through the fractional reserve banking system that allows the money supply to expand. This is the source of a lot of mischief and a lot of problems, and if we in the Congress could ever get around to understanding this issue, we might be able to do something about the lowering standard of living which many Americans are now suffering from. If we are concerned about repealing the business cycle, we would have to finally understand the Federal Reserve and how they contribute to the business cycle.

Recently it has been in the news that Alan Greenspan had raised interest rates, and he has received a lot of criticism. There were some recent letters written to Greenspan saying that he

should not be raising interest rates. That may well be true, but I think the more important thing is, why does he have the power? Why does he have the authority to even be able to manipulate interest rates? That is something that should be left to the market.

Not only is this a monopoly control over money and credit, unfortunately it is a very secret monopoly. Mr. Speaker, I serve on the Committee on Banking and Financial Services and I am on the Subcommittee on Domestic and International Monetary Policy, and I myself cannot attend the open market committee meetings. I have no access to what really goes on. I have no authority to do any oversight. There is no appropriation made for the Federal Reserve.

The recent news revealed that the chief of the janitorial services over at the Federal Reserve makes \$163,000 a year, and yet we have no authority over the Federal Reserve because it is a quasi-private organization that is not responding to anything the Congress says. Yes, they come and give us some reports about what they are doing, but because Congress has reneged, they no longer have much to say about what the Federal Reserve does.

This, to me, is pretty important when we think how important money is. If they have the authority to manipulate interest rates, which is the cost of borrowing, which is the price as well as the supply of money, this is an ominous power because we use the money in every single transaction. It is 50 percent of every transaction. Whether it is the purchase of a good or whether it is the selling of our labor, it is denominated in terms of what we call the dollar, which does not have much of a definition anymore, and yet we have reneged on our responsibility to monitor the Fed to determine whether or not this dollar will maintain value.

Things have not always been this bad, and it did not happen automatically in 1913 when the Federal Reserve was established. It took a while. But it is worse now than it has ever been. Matter of fact, a well-known former Chairman of the Federal Reserve, William McChesney Martin, had interesting comments to make about this very issue in 1953. Mr. Martin said this: "Dictated money rates breeds dictated prices all across the board."

Well, it is abhorrent to those who believe in free enterprise and the marketplace. He goes on to say, "This is characteristic of dictatorship. It is regimentation. It is not compatible with our institutions."

So here we have a former Chairman of the Federal Reserve System coming down very hard on the concept of control of money and credit, and yet today it is assumed that the Federal Reserve has this authority. And so often it gravitates into the hands of one individual.

So those who are levying criticism toward the Federal Reserve today are justified, but if it is only to modify policy and not go to the source of the problem, which means why do they have the power in the first place, it is not going to do much good. So we will have to someday restore the integrity of the monetary system, and we have to have more respect for the free market if we ever expect to undertake a reform of a monetary system which has given us a great deal of trouble, and it is bound to give us a lot more trouble as time goes on.

How will this be done? Some argue that the Federal Reserve is private and out of our control. That is not exactly true. It is secret, but it is a creature of Congress. Congress created the Federal Reserve System and Congress has the authority to do oversight, but it refuses and has ignored the responsibility of really monitoring the value of our currency and monitoring this very, very powerful central bank.

There is no doubt in my mind and in the minds of many others that this has to be done. To say that we must just badger a little bit to the Fed and to Mr. Greenspan, and say that interest rates should be lowered or raised or whatever, and tinker with policy, I think that would fall quite short of what needs to be done.

What is the motivation behind a Federal Reserve System and a central bank? Indeed, there is some very interesting motivation because it does not happen accidentally. There is a good reason to have a central bank that has this power to just with a computer create billions of dollars. It is not an accident that Congress more or less closes their eyes to it.

Between 1913 and 1971 there were a lot more restrictions on the Federal Reserve to do what they are doing today, because at that time we were still making a feeble attempt to follow the Constitution. The dollar was defined as the weight of gold. There were restrictions in the amount of new money and credit one could create because of the gold backing of the currency.

Although Americans were not allowed to own gold from the 1930's to 1971, foreigners could. Foreigners could come in and deliver their dollars back onto the United States and say, "Give us \$35 an ounce." But that was a fiction, too, because by that time we had created so many new dollars that the market knew that it took more dollars to get one ounce of gold. In the process, we gave up a large portion of our gold that was present in our Treasury.

Why would the Congress allow this and why would they permit it? I think the reason is Congress likes to spend money, and many here like to tax, and they have been taxing. But currently, today, the average American works more than half the time for the Government. If we add up the cost of all

the taxes and the cost of regulations, we all work into July just to support our Government, and most Americans are not that satisfied with what they are getting from the Government.

The taxes cannot be raised much more, so they can go out and borrow money. The Congress will spend too much because there is tremendous pressure to spend on all these good things we do; all the welfare programs, and all the military expenditures to police the world and build bases around the world. It takes a lot of money and there is a lot of interest behind that to spend this money.

So, then, they go and spend the money and, lo and behold, there is not enough money to borrow and not enough tax money to go around, so they have to have one more vehicle, and that is the creation of money out of thin air, and this is what they do. They send the Treasury bills or the bonds to the Federal Reserve, and with a computer they can turn a switch and create a billion or \$10 billion in a single day and that debases the currency. It diminishes the value of the money and alters interest rates and causes so much mischief that, if people are concerned about the economy or their standard of living or rising costs of living, this is the source of the problem.

So it is not only with the Federal Reserve manipulating the money and the interest rates, but the responsibility falls on the Congress as well because the Federal Reserve serves the interests of the Congress in accommodating the Congress as we here in the Congress spend more than we should.

Before 1971, when there were still restraints on the Federal Reserve, there was not as much deficit spending. Since that time, since the breakdown of the final vestiges of the gold standard in 1971, we have not balanced the budget one single time. So there is definitely a relationship. Now we have a national debt built up to \$5.3 trillion, and we keep borrowing more and more.

We have a future obligation to future generations of \$17 trillion, and this obligation is developed in conjunction with this idea that money is something we can create out of thin air. Now, if it were only the accommodation for the excess spending that was the problem, and we just had to pay interest to the Federal Reserve, that would be a problem in itself but it would not be the entire problem that we face today and that we face in the future.

As the Federal Reserve manipulates the economy by first lowering interest rates below what they should be and then raising interest rates above what they think they should be, this causes the business cycle. This is the source of the business cycle. So anybody who is concerned about unemployment and downturns in the economy and rising costs of living must eventually address the subject of monetary policy.

□ 1445

As a member of the Committee on Banking and Financial Services, I am determined that we will once again have a serious discussion about what money is all about and why it is so important and why we in the Congress here cannot continue to ignore it and believe that we can endlessly accommodate deficits with the creation of new money. There is no doubt that it hurts the working man more so than the wealthy man. The working man who has a more difficult time adjusting to the rising cost of living is now suffering from a diminished standard of living because real wages are going down.

There are many, many statistics now available to show that the real wage is down. Between 1973 and 1997, the wages of the working man has gone down approximately 20 percent. This has to do with the changes in the economy, but it also has to do with changes in the value of the currency and the wages do not keep up with the cost of living.

The increase in the supply of money is called inflation, even though there are not very many people in the news world or here in the Congress would accept that as a definition, because everybody wants to say that inflation is that which we measure by the Consumer Price Index.

The Consumer Price Index is merely a technique or a vehicle in a feeble attempt to measure the depreciation of our money. It is impossible to measure the money's value by some index like the Consumer Price Index. There are way too many variables because the individual who is in a \$20,000 tax bracket buys different things than the individual who is in a \$200,000 tax bracket. Wages are variable and the amount of money we borrow, the amount of money we spend on education as well as medicine varies from one individual to another. So this Consumer Price Index which we hang so much on is nothing more than a fiction about what we are trying to do in evaluating and accommodating and adjusting to the depreciating value of the dollar.

The critics of the Fed are numerous, as I said. The recent criticism has erupted because a few weeks ago, after warning of about 3 or 4 months by the Chairman of the Federal Reserve that interest rates were going to go up and, lo and behold, he did. The overnight interest rates that banks pay to borrow money just to adjust their books went up one-fourth of 1 percent. This is very disturbing to the markets. But Alan Greenspan mentioned this for 3 or 4 months. He started talking about the threat to the marketplace and the threat to the stock market back in December. But instead of him being entirely in control as he would pretend to be, actually market interest rates were already rising. Because if we look carefully at the monetary statistics from

December up until the time he raised interest rates, he actually was doubling the growth of the money supply.

What does this mean? This means that there were pressures already on rising interest rates, and the way to keep interest rates down is to create more and more money. It is the supply-and-demand effect. So if you have more money, make it more available, interest rates come down. So this was his attempt to keep interest rates down rather than him saying, today we have to have higher interest rates.

But the real problem is why does the Federal Reserve have this much power over interest rates? In a free market, interest rates would be determined by savings. People would be encouraged to work, spend what they want, save the rest. If savings are high, interest rates go down, people then are encouraged to borrow and invest and build businesses. But today we have created an environment that there is no encouragement for savings, for tax reasons and for psychological reasons, very, very little savings in this country. Our country saves less money than probably any country in the world. But that does not eliminate the access to credit. Because if the banks and the businesses need money, the Federal Reserve comes along and they crank out the credit and they lower the interest rates artificially, which then encourages businesspeople and consumers to do things that they would not otherwise do.

This is the expansion or the bubble part of the business cycle, which then sets the stage for the next recession. So people can talk about how to get out of the next recession when the next recession hits and they can talk about what caused it, but the next recession has already been scheduled. It has been scheduled by the expansion of the money supply and the spending and the borrowing and the deficits that we have accumulated here over the last 6 to 8 years. And so, therefore, we can anticipate, and we in the Congress will have to deal with it, we anticipate for the next recession.

But unfortunately, because we do not look at the fundamentals of what we have done and the spending and the deficits, the next stage will be what we have done before. That is, if unemployment is going up, the government has to spend more money, there has to be more unemployment insurance. We cannot let people suffer. So the deficits will go up, revenues will go down and as we spend more money to try to bail ourselves out of the next recession, we will obviously just compound the problems because that is what we have been doing for the past 50 years. We have not solved these problems.

As a matter of fact, what has happened, because we eventually get the economy going again, what we do is we continue to build this huge financial

bubble which exists today. It is a much bigger bubble than ever existed in the 1920's, it is international in scope and it is something never experienced in the history of mankind. Yet we have to face up to this, because when that time comes, we have to do the right things.

The 64 Members of Congress recently that signed the letter to Alan Greenspan said, Mr. Greenspan, you should not raise interest rates. Of course I just mentioned that maybe interest rates were rising, anyway, maybe he was accommodating the market pressures. But when 64 Members of Congress write to Greenspan and say do not let interest rates rise, or lower interest rates, what they are really saying is crank out more money, because if there is a greater supply of money, then interest rates will be lower and everybody is going to be happy. That is true, for the short run. On the long run, it causes very serious problems.

Stiglitz, who used to be the chairman of the council of economic advisers, is a very strong critic of Alan Greenspan right now. He said that there are no problems, there is no cliff we are about to go over, do not worry about the future. I do not fault Mr. Greenspan's concern, believe me. I think he knows what is coming and why adjustments have to be made. But his critics are saying, when they talk about do not raise interest rates, what we have to remember is what they are saying to him is make sure there is more inflation, more money, lower interest rates and, of course, that will add to our problems in the future.

Not only do we have Members of Congress telling the Fed what to do, and the former Chairman of the Council of Economic Advisers telling them, many others all have an opinion on what to do, but nobody really asks the question, why are they doing all this in secret and where did they get all this power and why do we tolerate this system of money?

Even the IMF, something I am very much concerned about is the internationalization of our credit system, the IMF now has issued a recent report, but they do not agree with the 64 Members of Congress and they do not agree with the critics who say lower interest rates, create more money. They are saying to our Federal Reserve, you are creating too much money and you are having too much growth. Who ever heard of anything like too much growth? What is wrong with too much growth? Some people think that too much growth causes inflation, which is an absolute fallacy. If there is a lot of growth and a lot of production, prices would come down. Prices go up when the value of the money goes down. But the IMF is saying that should not even be involved in our domestic policy, and they are more involved than ever before, they are telling our Fed, this is good, what you are doing is good, keep

raising your interest rates, turn off the economy, have a little slump here.

We do not need that kind of advice from somebody. We have enough problems taking advice from our own people and our own Congress about what has to happen, but we certainly do not need the advice from the IMF telling us that we ought to have more inflation, that we should involve overheating and that for some reason growth is bad. In a free market, sound monetary system, growth is good. If you have sound money and you have economic growth of 6 or 7 or 8 percent a year, you do not have inflation. That does not cause the inflation. It is only the debasement of the money that causes prices to rise.

Why do we hear so much concern about interest rates and price? Well, there is a specific reason for this according to some very sound economic thinkers, and, that is they would like for us here in the Congress to think only about prices, either the price of money, which is the interest rate, or other prices, because so often it leads to the conclusion that, well, maybe what we ought to do is have price controls, which they tried in the early 1970's and it was a total disaster, but this is essentially what we have in medicine today.

We create new credit, the money goes in certain areas, the Government takes this money and channels it into education in medicine, so you have more price inflation. So what do you do? You have price controls. That is what is going on. That is what we are having today in medicine, rationing of health care. That is what managed care is all about. Patients suffer from this because they have less choices, and they do not have as much decisionmaking on what care they are going to get. This is a consequence of Government manipulation of money and credit.

Those who want to perpetuate this system do not want us to think of the real cause, and that is, the real cause is the monetary system. They would like us to think about the symptoms and not the cause, because it is not in the interest of a lot of people, not only not in the interest of the big spenders here in the Congress who love the idea that the Federal Reserve is able to accommodate them on deficits, but there are business and banking interests and international interests and even some military production interests who like the idea that the credit is readily available and that they will be accommodated. The little guy never benefits. The little guy pays the taxes, he suffers from the inflation, he suffers from the unemployment, but there is a special group of people in an inflationary environment that benefits. Today of course there are a lot of people on Wall Street benefiting from this environment.

If this type of system were real good, we would all be very, very prosperous,

and if we listened to the Government statistics, we would say there are no problems in this country. But I know differently. A lot of people I talk to, they tell me they are having a lot of problems making ends meet. Sometimes they work two and three jobs to get their bills paid. It is not all feminism that makes women go to work. A lot of women go to work because they have to do it to make ends meet and take care of their families. So there are a lot of problems.

But one key point that I think is important and, that is economic growth. If we have no economic growth and there is no productivity growth, we cannot maintain the standard of living, we cannot have increasing wages. If you do not produce more, you cannot have wages going up.

Unfortunately, that is where we are really hurting in this country. We are living prosperously because we borrow a lot of money, by individuals, by corporations, and our Government borrows a lot from overseas. But we are not producing. Productivity growth in the last 5 years has averaged 0.3 percent. This is very, very low. It is equivalent to what happened before the Industrial Revolution, and it is going to lead to major problems in this country unless we understand why we are not producing as we had in the past. We need to address this if we have any concern about the people who suffer from these consequences.

The economic growth is slow. Predictions are that they, according to the Government statistics, are going to slow even more in time, whether it is the end of this year or next. We will have a recession. Even by some Government statistics now, we are seeing signs that there is a rising price level in some of our commodities. There is belief that these prices will go up and we will be suffering more so, even measured by the Consumer Price Index. This story that is being passed out here in the Halls of Congress and in other places in Washington that we do not have to worry about the Consumer Price Index, it overstates inflation, therefore we can make the adjustment, I do not think that is correct at all. I think the Consumer Price Index probably way underestimates inflation. If you have private sources, there are many people who suffer the cost of living much higher than the 3 or 4 percent that the Government reports. But there are some commodity indices that in the past 2 years have gone up over 50 percent. This is a sign of the consequence of the inflating of the money supply and it is starting to hit, or will hit some of our consumer products, because it is already hitting our commodities.

This idea that if there is a sign that prices are increasing, what we have to do is take it under control and we have to suppress economic growth and raise

interest rates, this says something about our policy that shows the lack of understanding. Because if we look at all the recessions that we have had since World War II, in spite of the seriousness of many of these recessions, prices still go up.

The one that we remember most clearly is in the 1970's, where they even coined the word "stagflation." This is not an unheard of economic phenomenon. It is very frequent in many other nations, where you have a lot of inflation and poor economic growth. We have not had a serious problem with that, but it is very likely that that is eventually what we will get, because we have absolutely no backing and no restraint on our monetary system.

□ 1500

When we have an economic and monetary system as we have today, I mention how it encourages Congress to spend beyond its means. It spends too much, it borrows too much, it inflates too much, and it leads to serious long-term problems, that as long as you can borrow again and borrow again, you sort of hide the problems, delay the consequences of the problem and prevent the major correction that eventually comes.

But what have the American people been doing? Well, they have been encouraged by this. They see the credit is available out there. They keep borrowing, living beyond their means. Government lives beyond their means, and individuals live way beyond their means.

But some of the statistics are not very good about what is happening with our consumers, the American citizens. In 1996 personal bankruptcies were up 27 percent. It is at record high; well over a million bankruptcies were filed in 1996. This is a reflection of loose credit policies, but it also is a reflection of a moral attitude.

There was a time in our history where bankruptcy was looked down upon, that we had a moral obligation to do our very best. If we have a bad turn in our businesses, what we did was we notified everybody, we went back to work, and we systematically did our very best to pay off all our debts. There is no incentive for that today. So it is very easy today to see the bankruptcies filed, and they are increasing rapidly. I suspect that they are going to continue to increase even more dramatically.

Credit card delinquencies are at an all time high. They were at 3.72 percent in 1996, and those who are late payments, they are also a historic high, well over 5 percent. So the credit conditions of this country are not very good.

Now what do we see as the signs of things changing to sort of take care of this problem? So far, not too many

good things happening. In 1995, the latest year we have measurements for, we find out that credit card issuers, credit card companies, issued 2.7 billion credit cards, preapproved. Preapproved credit cards, 2.7 billion, and it was equivalent to sending every single American between the ages of 18 and 64, 17 preapproved credit cards. Nothing like throwing out the temptation there, and many Americans fall into the temptations. Congress does it. They keep borrowing, and they exist. So the individual keeps borrowing, takes another credit card, rolls them over.

Eventually, though, the banker will call. The banker will call the individual. Who calls the Congress? Who calls a country when it spends beyond its means and it is way past the time when they should be cutting back? The problem that develops then is not so much that the Government, our Government, quits taxing and quits paying the bills. We will always do that. We have control over that because we now have this authority by Federal Reserve to create the money. The checks will always come.

The one thing that we do not have in the Congress and we do not have in the Federal Reserve, and the President does not have, is to guarantee the value of the money, and that is the problem. Today all we hear about is the strength of the dollar, but if you look at the dollar from 1945 on, the dollar is on a downward spiral, and we are on a slight upward blip right now. Ultimately the dollar will be attacked by the marketplace, and it will be more powerful than any of the policy changes that our Federal Reserve might institute.

There is a couple other things that have happened in our financial system that is different than in the other ones. Some would argue with me and say you are concerned about the supply of money and credit. Well, I can show you a statistic measured by M-1, M-2 and M-3, and the money supply is not going up all that rapidly. And this is the case compared to other times, that money supply as measured by the more conventional methods are not—those measurements are not going up as rapidly as they have in the past. But there are other things that can accommodate the lack of expansion of money as measured by, say, M-2 and M-3.

First, if an individual has an incentive not to hold the money and save the money, but spend their money the day they get it, that is called the velocity or the propensity to spend the money, and if you use it more often, it is like having more dollars, and that is one statistic that has gone up dramatically. Between 1993 and 1996 it has gone up 45 percent, so there is more desire to take the money and spend it, and it acts as if there is a lot more money, and we will also put pressure on the

marketplace and cause the distortions that can be harmful.

The other thing that we have going that is different than ever before is that because there is no definition of the money, the dollars, no definition of the dollar, we have introduced the notion of all kinds of hedges and all kinds of speculation, and some serve financial and economic interests to do hedging, but because there is no soundness to the currency there is a greater need all the time to hedge and to try to protect against sudden changes. Some of that would be economically driven, but other activity of that sort is driven by speculation.

So in an age when you have tremendous excessive credit, money and credit, you have more speculation. Consumers speculate they spend too much money, a businessman speculates, invests in things he probably should not, but also governments do the same thing. They spend money that they should not have.

But in this area of derivatives, we have things like swaps and futures and options, repos, and the foreign currency market. Right now there is \$20, \$21 trillion worth of these derivatives floating around out there outside of the measurement by our conventional money supply, which means that this participates in this huge financial bubble that exists around the world.

There is also a measurement that we make on a daily basis which is called through the clearinghouse interbank payment system, and this is all the electronic money that is traded throughout the world every single day, and this again reflects how quickly we are spending our money and how fast we are circulating and how quickly it moves among and through our computers. Today it is estimated that \$1.4 trillion is transferred over the wire service.

Now, if there were a sound dollar and it was created only with a proper procedure rather than out of thin air, this would not be as bad, but the fact that this is contributing toward a financial bubble I think is a very, very dangerous condition.

We live in an age called the Information Age; we live in a computer age, and this technology is all very, very helpful to us. As a matter of fact, it has served us in many ways to accommodate this age of the paper money systems of the world. No money is sound today in history in the entire world. So there is what we call the fluctuating currency rates. Every single day, every single minute, the value of the dollar versus the yen, versus the mark, versus the pound is changing instantly.

Now in the old days each currency was defined by a weight of gold. There was less speculation even though under those conditions governments manipulating, and there were periodic times

when certain countries would have to devalue. But now the computer system has really been a free market answer to those individuals who like the system, and it does work, it does work to a large degree for a time. But it also allows the system to last longer, and it allows us to create more of this financial bubble.

This is why we have been able to go along with the system of government where we have made commitments to our future generations of \$17 trillion; otherwise we could not have made these commitments that would have had to be a correction. We would have had to cut back and live within our means, just as individuals do; they have to live within their means, and they have to live probably less high than they were when they were borrowing all the money. A country will have to do that, too, that has lived way beyond its means, and this is why what we are doing is so dangerous.

The fact that we had these floating exchange rates for years has permitted many of our paper currencies to last a lot longer than they otherwise would have. We in the United States have a dollar which is considered the reserve currency in the world which lends itself to even more problems because the dollar is held in higher esteem and it is considered the reserve that other countries are more willing to hold, and this came out of the World War II because we had essentially all the gold, the dollar was strong, our economy was strong, so the dollar was good as gold. So people took dollars and they would hold them, and they still do that to a large degree today.

So what does that encourage us to do? It encourages here in the Congress and elsewhere to create this debt, and then as the money circulates, we go and we say, oh, we have a lot of credit, we can borrow this money, we will buy foreign products, and that is what we do. We buy a lot of foreign products, and everybody is decrying, you know, this foreign deficit. We owe more money to foreigners and we have a greater foreign deficit than any other country in the world, and it is encouraged because they are willing to take our dollars, and we are willing to spend the money and we are willing to run up these deficits and not worry about the future.

But where do these dollars go? They go into the central banks, they buy our Treasury bills, and they are quite satisfied at the moment. But when they get unsatisfied and dissatisfied with it, they are going to dump these dollars, and they will come back. But the trade deficit is running more than a hundred billion dollars a year, which means we buy more products from overseas than we sell to the tune of a hundred billion dollars.

This in many ways has allowed our Federal Reserve to get off the hook a

bit because if we had a \$100 billion that nobody wants to loan us and they had to create that new money, that would be very, very damaging to the psychology of our market, and it would be very, very inflationary. So it is still inflationary, but it is delayed. So as long as foreigners will take our dollars and let us buy their goods and we live beyond our means and hold our dollars and we keep creating new money and paying the interest, this thing could go on for a while. But eventually though in all monetary systems which are based on fiat, the creation of money out of thin air, eventually comes to an end, and when it comes to an end, there is the rejection of the dollar, and then the dollars come home, interest rates will go up, inflation will be back with a vengeance, and there will come a time, and nobody knows when that time will come, it will not be because of us in the Congress being very deliberate and very wise to all of a sudden live within our means, but we will be forced to live within our means because those who want to loan the money to us and the value of the money will change, that there will just not be enough wealth.

What promotes all this? Well, what is the grand illusion that allows us to get ourselves into such a situation? Well, the grand illusion of the 20th century, especially in the latter half of the 20th century, has been that prosperity can come from the creation of credit. Now if you think about it, it does not make any sense if you take a Monopoly game and you create more Monopoly money and pass it out, everybody knows it has no value. But we have literally endorsed the concept that if we just print money and pass it out, everybody is going to be wealthy, and because it is government and because it was related to a gold standard and because foreigners will take money, this system continues to work because there is still trust in the money.

But eventually this trust will be lost. The wealth cannot be created by creating new money. Yes, if the Federal Reserve prints more money today and hands it to me, I can go spend it and I can feel wealthier. But in the grand scheme of things, you do not create wealth that way, and that is also the reason why productivity growth is down. We do not create it. We have to have incentives, we have to encourage work and effort. That is the only place you can get wealth.

So our taxes are too high, the regulations are too high, we borrow too much money, interest rates are too high, and we discourage savings all because of this monetary system. So eventually we are going to be required to do something about that to restore trust in the money so we do save money so we work harder. But we have to lower taxes, we have to get rid of regulations, we have to get rid of taxes on capital gains and

get rid of taxes on savings and interest and get rid of taxes on inheritance. Then people will have more of an incentive to work rather than just to borrow. So the illusion of wealth today is that which comes from a fiat or paper monetary system.

We need today a very serious debate on what the monetary system ought to be all about. It cannot be a debate which is isolated from the role of government. If we have a role of government which is to run the welfare state, to give anything to anybody who needs something or wants something or claims it is an entitlement or claims it is a right, if that is a system of government that we want to perpetuate, it is going to be very difficult to have any reform. If we continue to believe that this country is the policeman of the world, that we must police the world and build bases overseas at the same time we neglect our own national defense, our own borders, our own bases here at home, but we continue to spend money on places, on Bosnia and Africa, and pay for the defense of Japan and Europe; as long as we accept those ideas, there is no way we can restore any sanity to our budget.

□ 1515

So I am suggesting to my colleagues here in the Congress that what we must do is address the subject of what the role of government ought to be. There should be a precise role for government. That is what the whole idea and issue was of the Constitutional Convention as well as our Revolution. We did not like the role of government that the English and the British had given us, and we here in the United States decided that the role of government ought to be there for the preservation of liberty.

The role of government ought not to be to redistribute wealth, it ought not to be the counterfeiter of the world, to create money out of thin air. It is illegal for you or I to counterfeit money. Why do we allow the Government to counterfeit the money and make it worthless all the time?

As long as we accept that, we are going to have big problems. But there will be a time coming, and I suggest to all of my colleagues that we be ready for it, because it is so serious. Not only is it a serious threat to our physical and economic well-being, the greater threat is the threat to our individual liberty. As conditions worsen, and when we have to face up to our problems, so often the response is, all we need is another government program. And that is still an attitude that I see all the time around here: if we just have a little more tax money.

Already in this very early Congress, we have had tax increases in spite of the rhetoric against taxes. We have been raising taxes. We have increased the amount of regulations. We have

done nothing to really address the subject.

That comes from the fact that we never really ask the right questions. What should the role of government be? The Founders, as they concluded after the Revolution, as they wrote the Constitution, it very clearly was stated that the role of government, especially at the Federal level, ought to be there to protect the individual liberties of all individuals, no matter what. But today, we have lost that as a goal and as a target. We concentrate, whether it is a businessman or the person that is receiving welfare benefits, the concentration is on the material benefits that usually come from a free society in a voluntary way. But today, if anybody wants something or they need something or they think they have a right to it, what do they do; they order a political action committee and come to Washington.

I was gone for a few years. I was here in the Congress in 1976, and, after returning, there is one dramatic difference. There are more lobbyists than ever, more commands, more people coming and more people wanting things. I have more demand from the business community than I do from those who are from the poor end of the spectrum. There is a vicious maldistribution of wealth in a society that destroys its money. Inevitably, if a country destroys its money, it destroys its middle class.

This is what is happening in this country already. The poor, middle class individual who is still proud enough not to go on the dole and not to take welfare, that is the individual who suffers the very most; and he is the one that is most threatened by the loss of a job in the next downturn.

Currently right now, Wall Street, are they suffering from this financial bubble that I see? No. If you are in the stock market or the bond market or borrowing overseas, they are doing quite well. People say: You worry too much. There is no inflation. No matter what you say about the money supply and all of these things you talk about, there is no inflation, do not worry about it. Inflation deals with money, not prices.

So as I said earlier, I believe prices are going up much faster than people will admit; but at the same time, the supply of money and credit continues to expand. So we will have to eventually address these problems. I think it will be up to us as Members of Congress to at least make some plans. Because if we do not, if we do not make the plans, I see this as a serious, serious threat to our personal liberties.

Mr. Speaker, it will not be a simple reform that we need. We have to do something more than that. We have to start thinking about what do we need to do to really change the course. Is there anything wrong with addressing

the subject of individual liberty? Is there anything wrong with talking about the value and the importance of sound money? I claim there is nothing wrong with that, but there is very little debate. There is very little debate among our committee members and in our committees to address this. It is usually, how do we tide ourselves over? How do we modify this so slight a degree?

But the time will come, the time will come, because we will go bankrupt, because no country has ever done this before. No country can live beyond its means endlessly. No country can spend and inflate and destroy its money. There will be this transfer of wealth. It happened in many, many countries in this century. Of course, one example of the 20th century was the German inflation, and then there has to always be a scapegoat. The middle class suffers the most. Somebody has to be blamed.

Currently today, I see a trend toward those of us who advocate limited government, those who detest big government as becoming the scapegoat saying, oh, you individuals who are against big government, you are the people who cause trouble, you cause unhappiness. That is not the case. People are unhappy. I meet them all the time because they are having a difficult time making it in this day and age. Who knows who the next scapegoat will be, but there will be one.

Mr. Speaker, the middle class in America will have to eventually join in the reforms that we need. The reforms can be all positive. There is nothing wrong with advocating limited government. There is nothing wrong in the American spirit to advocate the Constitution. There is nothing wrong with the American tradition that says work is good. And there is something wrong with a system that endorses and encourages and pushes the idea that we have the right to somebody else's life and somebody else's earnings. I do not believe that is the case. I think that is morally wrong. I do not believe it has been permitted under the Constitution, and it also leads to trouble. If it led to prosperity, it would be a harder argument for me. But if it leads to trouble and it leads to people being undermined in their financial security and in their economic security, then we have to do something else.

I would like to invite those who expressed deep concern about the poor and those who advocate more programs, more welfare programs, I would like to suggest they need to look at monetary policy. They need to look at deficits, and they need to realize that wealth has to be created. And if we truly do care about the poor people in this country, and if we do care about the people trying to build homes, public housing obviously has not worked. We have been doing public houses now and spent nearly \$600 billion, and there

is no sign that we have done much for the people that we have given public housing to.

We have spent \$5 trillion on welfare. There are more homeless than ever. The educational system is worse than ever. Yet we do not really say, well, what should we do differently? Sometimes we will say, well, let us take the management and change the management. Let us take the bureaucrats from Washington and put them in the States. Let us do block grants. Let us make a few minor adjustments and everything is going to be OK, and it will not be.

We will not make it OK until we address the subject of what kind of a society we want to live in. I want to live in a free society. Fortunately for me, as a Member of Congress, and as one who has sworn to uphold the Constitution, this is an easy argument. It should be an easy argument for all of my colleagues who would say, yes, I have sworn to uphold the Constitution, I believe in America, I believe in hard work. But why do you vote for all of these other programs? Why do you vote for all of the deficits? Why are we getting ready to vote for more taxes soon? Why are we voting a supplemental appropriation? Why are we doing these things if we really are serious? I have not yet seen any serious attempt to cut back on spending and cut back on taxes.

Mr. Speaker, someday we will have to do it. The sooner, the better. If we do it in a graceful manner, there is no pain and suffering. The American people will not suffer if we cut their taxes. The American people will not suffer if we lower the amount of regulations. The American people will not suffer if we get out of their lives and not give them 100,000 regulations to follow day in and day out. The American people will not suffer if the Federal Government gets out of the management of education and medicine. That is the day I am waiting for and the day I am working for. Hopefully, I will get other Members of Congress here to join me in this effort to support the concepts and the principles of individual freedom.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. JONES, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. JONES) and to include extraneous matter:)

Mr. FRANK of Massachusetts.
Mr. CLEMENT.
Mr. STOKES.

(The following Members (at the request of Mr. PAUL) and to include extraneous matter:)

Mr. GREENWOOD.
Mr. EHRLICH.
Mr. THOMAS.
Mr. STOKES.
Mr. COYNE.
Mr. CLEMENT in two instances.
Mr. ETHERIDGE.
Mr. FORD.

SENATE BILL REFERRED

A bill of the Senate of the following title as taken from the Speaker's table and, under the rule, referred as follows:

S. 562. An act to amend section 255 of the National Housing Act to prevent the funding of unnecessary or excessive costs for obtaining a home equity conversion mortgage; to the Committee on Banking and Financial Services.

ENROLLED BILL SIGNED

Mr. THOMAS, from the Committee on House Oversight, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 1225. An act to make a technical correction to title 28, United States Code, relating to jurisdiction for lawsuits against terrorist states.

BILL PRESENTED TO THE PRESIDENT

Mr. THOMAS, from the Committee on House Oversight, reported that that committee did on the following date present to the President, for his approval, a bill of the House of the following title:

On April 25, 1997:

H.R. 1225. An act to make a technical correction to title 28, United States Code, relating to jurisdiction for lawsuits against terrorist states.

ADJOURNMENT

Mr. PAUL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 25 minutes p.m.), under its previous order, the House adjourned until tomorrow, Tuesday, April 29, 1997, at 12:30 p.m.

EXECUTIVE COMMUNICATIONS ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2983. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Amendment to Cotton Board Rules and Regulations Regarding

Import Assessment Exemptions [CN-96-007] received April 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

2984. A letter from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, transmitting the Service's final rule—Genetically Engineered Organisms and Products; Simplification of Requirements and Procedures for Genetically Engineered Organisms [APHIS Docket No. 95-040-2] (RIN: 0579-AA73) received April 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

2985. A letter from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, transmitting the Service's final rule—Garbage; Disposal by Cruise Ships in Landfills at Alaskan Ports [APHIS Docket No. 93-037-2] received April 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

2986. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Kaolin; Pesticide Tolerance Exemption [OPP-300477; FRL-5712-8] (RIN: 2070-AB78) received April 22, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

2987. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Oxyfluorfen; Pesticide Tolerance for Emergency Exemption [OPP-300478; FRL-5713-1] (RIN: 2070-AB78) received April 22, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

2988. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Fenoxycarb; Pesticide Tolerances for Emergency Exemptions [OPP-300476; FRL-5712-7] (RIN: 2070-AB78) received April 22, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

2989. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Imidacloprid; Pesticide Tolerance [OPP-300468; FRL-5599-5] (RIN: 2070-AB78) received April 22, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

2990. A letter from the Acting Administrator, Farm Service Agency, transmitting the Agency's final rule—Amendments to the Regulations for the Nonrecourse Cotton Loan and Loan Deficiency Payment Programs [Workplan Number 97-001] (RIN: 0560-AF12) received April 22, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

2991. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans and Designation of Areas for Air Quality Planning Purposes; State of Louisiana; Approval of the Maintenance Plan for Calcasieu Parish; Redesignation of Calcasieu Parish to Attainment of Ozone [LA-38-1-7322; FRL-5814-3] received April 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

2992. A letter from the Associate Managing Director, Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Administration of the North American Numbering Plan Carrier Identification Codes (CIC's); Petition for

Rulemaking of VarTec Telecom., Inc. [CC Docket No. 92-237] received April 22, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

2993. A letter from the Acting Associate Managing Director for Performance Evaluations and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Implementation of Sections of the Cable Television Consumer Protection and Competition Act of 1992—Rate Regulation; Uniform Rate-Setting Methodology [CS Docket No. 95-174] received April 22, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

2994. A letter from the Associate Managing Director, Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Toll Free Service Access Codes [CC Docket No. 95-155] received April 22, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

2995. A letter from the Associate Managing Director, Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Accounting for Judgments and Other Costs Associated with Litigation [CC Docket No. 93-240] received April 22, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

2996. A letter from the Associate Managing Director, Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Regulatory Treatment of LEC Provision of Interexchange Services Originating in the LEC's Local Exchange Area and Policy and Rules Concerning the Interstate, Interexchange Marketplace [CC Docket No. 96-149 and CC Docket No. 96-61] received April 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

2997. A letter from the Associate Managing Director, Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Parts 2 and 15 of the Commission's Rules Regarding Spread Spectrum Transmitters [ET Docket No. 96-8, RM-8435, RM-8608, RM-8609] received April 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

2998. A letter from the Director, Office of Legislative Affairs, Federal Deposit Insurance Corporation, transmitting the Corporation's final rule—Government Securities Sales Practices [12 CFR Part 368] (RIN: 3064-AB66) received March 21, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

2999. A communication from the President of the United States, transmitting the bi-monthly report on progress toward a negotiated settlement of the Cyprus question, including any relevant reports from the Secretary General of the United Nations, pursuant to 22 U.S.C. 2373(c); to the Committee on International Relations.

3000. A letter from the Auditor, District of Columbia, transmitting a copy of a report entitled "University of the District of Columbia Report of Revenues and Expenditures for the Graduate Program for Academic Years 94-95 and 95-96," pursuant to D.C. Code, section 47-117(d); to the Committee on Government Reform and Oversight.

3001. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Public Availability of Information [Docket No. OST-96-1430] (RIN: 2105-AC58) received April 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

3002. A letter from the Director, Office of Personnel Management, transmitting the Office's final rule—Summer Employment [5 CFR Parts 213 and 338] (RIN: 3206-AG21) received April 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

3003. A letter from the Director, Office of Personnel Management, transmitting the Office's final rule—Administration and General Provisions—Administration [5 CFR Part 831] (RIN: 3206-AH66) received April 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

3004. A letter from the Assistant Secretary for Land and Minerals Management, Department of the Interior, transmitting notice on leasing systems for the Cook Inlet, sale 149, scheduled to be held in June 1997, pursuant to 43 U.S.C. 1337(a)(8); to the Committee on Resources.

3005. A letter from the Assistant Secretary for Land and Minerals Management, Department of the Interior, transmitting a draft of proposed legislation to amend the Wild and Scenic Rivers Act of 1968 to designate portions of 13 river areas, containing some 25 segments, in Arizona as components of the National Wild and Scenic Rivers System, and several supporting documents that provide background information; to the Committee on Resources.

3006. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Airbus Model A310 Series Airplanes (Federal Aviation Administration) [Docket No. 96-NM-169-AD; Amdt. 39-9999; AD 97-09-03] (RIN: 2120-AA64) received April 24, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3007. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Boeing Model 777-200 Series Airplanes (Federal Aviation Administration) [Docket No. 97-NM-60-AD] (RIN: 2120-AA64) received April 24, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3008. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; McDonnell Douglas Model DC-9-80 Series Airplane and Model MD-88 Airplanes (Federal Aviation Administration) [Docket No. 97-NM-61-AD] (RIN: 2120-AA64) received April 24, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3009. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; CFM International CFM56-3, -3B, and -3C Series Turbofan Engines (Federal Aviation Administration) [Docket No. 95-ANE-44; Amdt. 39-9989; AD 97-08-01] (RIN: 2120-AA64) received April 24, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3010. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Airbus Model A300, A300-600, A310, and A320 Series Airplanes (Federal Aviation Administration) [Docket No. 95-NM-227-AD; Amdt. 39-9888; AD 97-02-04] (RIN: 2120-AA64) received April 24, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3011. A letter from the General Counsel, Department of Transportation, transmitting

the Department's final rule—Airworthiness Directives; Boeing Model 737 Series Airplanes (Federal Aviation Administration) [Docket No. 96-NM-146-AD; Amdt. 39-9953; AD 97-05-09] (RIN: 2120-AA64) received April 24, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3012. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Prohibition Against Certain Flights Within the Flight Information Region of the Democratic People's Republic of Korea (DPRK) (Federal Aviation Administration) [Docket No. 28831; Special Federal Aviation Regulation (SFAR) No. 79] (RIN: 2120-AG24) received April 24, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3013. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Amendment to Class E Airspace; Bedford, PA (Federal Aviation Administration) [Airspace Docket No. 97-AEA-17] (RIN: 2120-AA66) received April 24, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3014. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Establishment of Class E Airspace; Mount Pleasant, PA (Federal Aviation Administration) [Airspace Docket No. 97-AEA-003] (RIN: 2120-AA66) received April 24, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3015. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Establishment of Class E Airspace; Kutztown, PA (Federal Aviation Administration) [Airspace Docket No. 97-AEA-14] (RIN: 2120-AA66) received April 24, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3016. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Amendment to Class E Airspace; Clearfield, PA (Federal Aviation Administration) [Airspace Docket No. 97-AEA-13] (RIN: 2120-AA66) received April 24, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3017. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Amendment to Class E Airspace; Meadville, PA (Federal Aviation Administration) [Airspace Docket No. 97-AEA-12] (RIN: 2120-AA66) received April 24, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3018. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Training and Qualification Requirements for Check Airmen and Flight Instructors: Correction and Editorial Changes (Federal Aviation Administration) [Docket No. 28471; Amendment No. 121-264] (RIN: 2120-AF08) received April 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3019. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Amendment to Class E Airspace; Salt Lake City, Utah (Federal Aviation Administration) [Airspace Docket No. 97-ANM-3] received April 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3020. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Establishment of Class E Airspace; Atkasuk; AK (Federal Aviation Administration) [Airspace Docket No. 96-AAL-29] (RIN: 2120-AA66) received April 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3021. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Airbus Industrie Model A320, A321, A330, and A340 Series Airplanes Equipped with Westland-Sitec Fire Shutoff Valves Having Part Number EO3000 (Federal Aviation Administration) [Docket No. 96-NM-204-AD; Amdt. 39-10000; AD 97-09-04] (RIN: 2120-AA64) received April 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3022. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; AlliedSignal Inc. T5311, T5313, T5317, and T53 (Military) Series Engines (Federal Aviation Administration) [Docket No. 96-ANE-25; Amdt. 39-9979; AD 97-07-05] (RIN: 2120-AA64) received April 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3023. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Raytheon Model BAe 125-1000A and Model Hawker 1000 Series Airplanes (Federal Aviation Administration) [Docket No. 96-NM-180-AD] (RIN: 2120-AA64) received April 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3024. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Pratt & Whitney PW2000 Series Turbofan Engines (Federal Aviation Administration) [Docket No. 97-ANE-14; Amdt. 39-9997; AD 97-09-01] (RIN: 2120-AA64) received April 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3025. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Action on the Decision in *The Edna Louise Dunn Trust v. Commissioner*, 86 T.C. 745 (1986) [CC-1997-007] received April 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

3026. A letter from the Secretary of Housing and Urban Development, transmitting a draft of proposed legislation entitled "Housing 2020: Multifamily Management Reform Act"; jointly, to the Committees on Banking and Financial Services, Ways and Means, and the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[Filed Friday, April 25, 1997]

Mr. LEACH: Committee on Banking and Financial Services. H.R. 2. A bill to repeal the United States Housing Act of 1937, de-regulate the public housing program and the program for rental housing assistance for

low-income families, and increase community control over such programs, and for other purposes; with an amendment (Rept. 105-76). Referred to the Committee of the Whole House on the State of the Union.

[Filed Monday, April 28, 1997]

Mr. ARCHER: Committee on Ways and Means. H.R. 867. A bill to promote the adoption of children in foster care; with an amendment (Rept. 105-77). Referred to the Committee of the Whole House on the State of the Union.

Mr. ARCHER: Committee on Ways and Means. H.R. 1048. A bill to make technical amendments relating to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996; with an amendment (Rept. 105-78 Pt. 1). Ordered to be printed.

Mr. THOMAS: Committee on House Oversight. House Resolution 129. Resolution providing amounts for the expenses of certain committees of the House of Representatives in the 105th Congress; with an amendment (Rept. 105-79). Referred to the House Calendar.

TIME LIMITATION OF REFERRED BILL

Pursuant to clause 5 of rule X the following action was taken by the Speaker:

H.R. 1048. Referral to the Committees on the Judiciary and Education and the Workforce extended for a period ending not later than April 29, 1997.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CRANE:

H.R. 1463. A bill to authorize appropriations for fiscal years 1998 and 1999 for the Customs Service, the Office of the U.S. Trade Representative, and the International Trade Commission; to the Committee on Ways and Means.

By Mr. THOMAS (for himself, Mr. CARDIN, Mr. BILIRAKIS, and Mr. STARK):

H.R. 1464. A bill to amend titles XVIII and XIX of the Social Security Act to expand and make permanent the availability of cost-effective, comprehensive acute and long-term care services to frail elderly persons through Programs of All-inclusive Care for the Elderly [PACE] under the Medicare and Medicaid Programs; to the Committee on Ways and Means, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. BUNNING of Kentucky:

H.R. 1465. A bill to amend the Internal Revenue Code of 1986 to restore the deduction for interest on certain educational loans; to the Committee on Ways and Means.

By Mr. EHRLICH:

H.R. 1466. A bill to direct the Secretary of Veterans Affairs to transfer certain Fort Howard Park lands to Baltimore County, MD; to the Committee on Veterans' Affairs.

By Mr. NEY:

H.R. 1467. A bill to provide for the continuance of oil and gas operations pursuant to certain existing leases in the Wayne National Forest; to the Committee on Resources.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 133: Mr. CONDIT.

H.R. 218: Mr. SOLOMON and Mr. THORNBERRY.

H.R. 279: Mr. MEEHAN.

H.R. 321: Mr. PAUL.

H.R. 322: Mr. SAXTON.

H.R. 475: Mr. KOLBE and Mr. SAM JOHNSON.

H.R. 631: Mr. MANZULLO and Mr. INGLIS of South Carolina.

H.R. 663: Ms. CHRISTIAN-GREEN, Mr. STARK, Mr. GONZALEZ, Mr. OWENS, Mr. BERMAN, Mr. DELLUMS, Ms. KILPATRICK, and Mr. ROTHMAN.

H.R. 867: Ms. GRANGER, Mr. FAWELL, Mr. BLAGOJEVICH, and Mr. FAZIO of California.

H.R. 919: Mr. LUTHER.

H.R. 955: Mr. HULSHOF, Mr. BLUNT, and Mr. LEWIS of California.

H.R. 1013: Mr. BILBRAY, Mr. GEJDENSON, Mr. CRAMER, Mr. GREENWOOD, Mr. LEWIS of Georgia, Mr. BROWN of California, Mr. OXLEY, and Ms. KAPTUR.

H.R. 1061: Mr. MOAKLEY.

H.R. 1063: Mr. KLECZKA, Mr. HOLDEN, and Mr. NEY.

H.R. 1115: Mr. DELLUMS, Mr. KENNEDY of Rhode Island, Mr. TIERNEY, Mrs. CLAYTON, Mr. DAVIS of Illinois, Mr. MILLER of California, Mr. RANGEL, Ms. WATERS, Mrs. THURMAN, and Mr. THOMPSON.

H.R. 1126: Mr. DICKS and Mr. GILLMOR.

H.R. 1161: Mr. NEY, Mr. TALENT, Mr. BOSWELL, and Mr. WALSH.

H.R. 1205: Mr. GALLEGLY.

H.R. 1329: Mr. EHLERS.

H.R. 1367: Mr. KIND of Wisconsin.

H.R. 1385: Mr. BARRETT of Nebraska, Mr. PETERSON of Pennsylvania, and Mr. RIGGS.

H.R. 1432: Mr. MATSUI and Mr. SHAYS.

H.R. 1450: Ms. WOOLSEY and Mr. BONIOR.

H.J. Res. 66: Mr. OWENS, Mr. CONYERS, Mr. UNDERWOOD, Mr. JACKSON, and Mr. MEEHAN.

H. Con. Res. 55: Mr. GEJDENSON, Mr. COX of California, Mr. LIPINSKI, Ms. NORTON, Mr. LEVIN, Mr. BERMAN, Ms. MCKINNEY, Mr. ACKERMAN, Ms. RIVERS, and Mr. NADLER.